people of Kashmir will feel themselves safe and secured. I would like to state that the people in the valley want at this juncture that there should be peace, brotherhood should strengthen and the attention should be paid towards the development of the areas which have come to a standstill for the last 5-6 years. I would also like to state that there is no demand of autonomy by the people especially of Pansufi area of my Parliamentary Constituency which is a Muslim dominated area instead they want that the construction of Mughal Road should be given concrete shape quickly The People of Jammu want that a separate Agriculture University should be opened immediately there. Dogri language should be included in the eighth Schedule and the Jammu City should be awarded the status

16.00 hrs.

of class B city So far as the issue of permanent settlement of refugees of 1947 is concerned, people of the valley want that the Government of India should fulfil its promise of providing Rs 25 thousand to each refugee - family and rehabilitating them There is issue of rehabilitating the refugees of Chhamb area of 1971 and giving right to some persons who have come from Pakistan and who are still living in dormitary I would like that these problems should be solved Another issue is about the unemployment There are lakhs of educated unemployed persons in the valley I would like to appeal the Government of India that it should ask the Foreign Companies and NRIs, who are investing in other States, to invest in Jammu and Kashmir The labourers and technicians who are sent abroad by the Government of India should also include the labourers and technicians from Jammu and Kashmir I would also like to appeal the Government of India to simplify procedure for passport and visa so that the unemployed persons may also go abroad and find job for themselves. I shall conclude my speech after one point

I keep Shri Jagmohan ji in a high esteem But we feel that by dissolving Assembly during his tenure, he had committed a blunder otherwise condition would have been better there before 2-4 years. By dissolving the Assembly in the beginning itself, he has incurred great harm to democracy Had this not been done, a popular Government would have taken charge of the affairs and this situation would not have emerged *(Interruptions)* Now, if the Assembly elections are held there the condition of the State would improve faste and due to normalcy, Jammu and Kashmir will be greatly benefitted The people of the State will get facilities and assistance With these words, I support the resolution

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16.02 hrs.

DISCUSSION UNDER RULE 193

Steep Pre-Budget Hike in Administered Prices of Petrol, LPG, Diesel and other Petroleum products

[English]

MR. SPEAKER : Now, we shall take up the discussion under Rule 193 regarding hike in the prices of petroleum products I have received a letter from the Leader of the Opposition requesting me to permit Shri Jaswant Singh to initiate the debate, even though the discussion stands in the name of the Leader of the Opposition and Dr Laxminarain Pandey The discussion having been admitted already, we shall start the discussion now and Shri Jaswant Singh will initiate the debate

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) So, you have permitted Shri Jaswant Singh to initiate the debate

MR SPEAKER Yes, I have permitted him I have consented to the request in consultation with your leader The time allotted for this discussion is two hours

[Translation]

SHRI NITISH KUMAR (Barh) Let the House continue Two hours time is not sufficient.

MR SPEAKER I am bound to make you aware about the BAC decision

[English]

SHRI JASWANT SINGH (Chittorgarh) Mr Speaker, Sir, I shall try and abide by your time restriction I find it necessary at the very beginning to reiterate some important aspects of the objections that we had raised about the methodology of the debate proper This is not to be repetitive, this is only to emphasize We have accepted the situation as it is

MR SPEAKER Thank you very much

SHRI JASWANT SINGH We have accepted it Sir, because we are seeking the substance of our concern The substance of our concern relates to the price rise proper, the quantum of the hike and I shall be detailing the substance of it We had made our point about the methodology and about our wish to censure the Government It is now upto those who pretend to be in the Opposition while actually being the side-kicks of the Government, like my good friend, the eminent barrister, to establish their *bona fides*.

Let us clearly establish as to what we are talking about. We are talking about the most unprecedented any possibly the highest single steps ever taken by any Government in independent India, through administered prices, to the extent of Rs.9,700 crore in the balance of this year. If a full year is taken into account it would go to about Rs.12,900 crore. Never in the annals of Independent India have we had a situation wherein in one full year through administered prices we are undertaking a casual step through which almost Rs.13,000 crore are to be taken out of the pocket of the citizens. If to this you add those aspects which are unavoidable aspects integral to all this, aspects like excise and sales tax, then the total impost on the citizens of the country in much higher, and unacceptably higher. I shall explain why. Now our concern was also on account because we knew already that within 7-10 days itself irrespective of whether there was any direct consequence or not all transport related items which are items of daily use, whether it is foodgrains, whether it is wheat, whether it is rice whether it is vegetables all these items across the board - whether it is merited or unmerited - all of them have shown a price rise. In the district from where I come, petrol has become a luxury today because whatever otherwise the price and whatever the Government might have done by way of after thoughts in respect of diesel petrol in rural India and in parts of rural Rajasthan is today selling at more than Rs. 28.00 a litre. Now despite what the Government has done by way of reducing, as after-thoughts the petrol pumps and dealers themselves are not effecting it. I cannot detail all the various aspects or the difficulties that have been caused to the citizens of India by this one particular step. Never have we faced a situation in which, in one step Rs. 9,700 crore are raised on the eve of the Budget. What are the issues and aspects other than the difficulty, unacceptable difficulty caused to the citizens? I shall be coming back to the citizen again. The first issue - and I would simply refer to it and proceed further - is the question of administered prices and parliamentary control. I am not on the question on legality. You have ruled on that. It is not legality. It is the propriety of indulging in this kind, this level and this quantum of price hike for taking away from the citizen almost Rs.13,000 crore in a year and the Parliament has no say in this respect. The Parliament cannot even censure the Government in this regard. That is an aspect of our worry, Sir, if this kind of hike comes on the eve of a Budget session than our worry is enhanced because what is being called into question is the totality of the Parliamentary sovereignty. The Parliament's right to question the Executive particularly in matters relating to finance, to economy and to prices of this House more than the other places has the duty in regard to the fiscal management of the country. Therefore, if the Government arbitrarily acts in the fashion we will certainly condemn it in absolutely unequivocal terms. I would wish to emphasize this. The point was made by my friend who was earlier a Chariman of the Committee on Petroleum, a Standing Committee of Parliament which has unanimously recommended. It is a recommendation of a Standing Committee of Parliament which recommendation has not been rejected by the Government and has not been rejected by the Parliament. The Parliament unfortunately has not had a chance to discuss that recommendation. That Standing Committee has clearly stated in its Report. That Standng Committee when it gave its report had not visualized that this was the Government that was going to come into existence. They were then in Government themselves and the Chairman of the Committee gave an advice to the Government that never in future should the Government raise administered prices unless they first had a chance to come to the Parliament. The Government has clearly violated, has clearly overlooked the unanimous recommendation of the Standing Committee itself.

The next important aspect, Sir, is the quantum of the increase itself and the hon. Leader of the Opposition has given the percentages. I do not wish to take the time of the House by going into that. The cost of the cooking gas, for example, has gone up by 30 per cent, petrol, by 30 per cent, naphtha by 10 per cent and diesel by 30 per cent. The very rationals of these percentage s resulting in that quantum, I will be questioning in a moment.

The second is the timing. I have dealt at some length on the aspect of timing. I will come to it again. In the rationals for this price hike comes the question of the entire management of Oil Pool Account and prices. But the most important aspect, which I think is the aspect about which the Government has remained silent, and I am not surprised that the new-found friends of the Government, who temporarily sit there as their supproters, have also remained silent, is the question that whereas prices have been raised—this Government alone is not to be blamed because I will be detailing in my subsequent presentation, this has happened earlier also — but not a word has been uttered by the Government in the past so many days about simultaneously raising the efficiency norm. Not one word was shared with the country or with the citizens, not one explanation came from the Government other than these extremely highly prices advertisements that are appearing belatedly in the English language Press these days.

Those are illiterate advertisments. They only half explain the situation. There is not one word from the Government that along with raising of the prices, these are the additional efficiency norms that they will also be implementing.

Sir, the price hike, to my mind, and this is a very important aspect, should definitely have been accompanied by simultaneous suggestions implementable in a time-bound manner, of improving the efficiency and reducing the cost of production. If these aspects had simultaneously been dealt with by the Government along with the quantum etc., being more rationale, we would, perhaps, have been able to understand better.

Now all this, Sir, is a consequence of the total mismanagement of the Oil Pool Reserve Account, as also of the Oil Industry Development aspects. I will explain why the country finds itself in such a situation. This Government has acted imprudently, there is not doubt about it. But if this Government has acted in this fashion, it is on account of the continuous failure continuous imprudence and the continuous irresponsibility of the previous Congress Government. It does not lie in the mouth of the Members of the Congress Party, sitting here in support of this Government to now find fault with this sucessor Government. Because the situation in which we find itself, the situation in which the Oil Pool Reserve Account finds itself, the entire oil industry finds itself is really, and only, on account of the total mismanagement of the entire oil sector by the previous Congress Government. Instead of sorting it out, of having a policy for the management of the entire oil sector for the past five yars, the Congress Party specialised in doling out petrol stations, diesel stations, gas agencies to cooks, to servants, to barbers, to all and sundry relatives whoever came, I do not have to list the kind and the numbers of these ministerial hand outs that were given out by the Congress Party in a criminal fashion. If only a quarter of that time had been devoted by the Congress Party to managing the enormity of the problem that the country faces in respect of the total energy sector, of which the oil sector is such an important aspect, then this Government would not have to handle such a politically hot potato. They have gone and dropped the potato on their feet. That is their own responsibility. Principally, therefore, I charge that this situation has come into existence because there has been an absence of policy for a very long time and on account of the Congress Misrule. Most tellingly and most importantly, there has been a decline in indigenous production which has fallen almost by 50 per cent. It is principally on account of mismanagement of the domestic production facility, corruption attendant on the domestic production facilities and a decline in the refinery production capacity. If there is any one Party that is to be charged for this, it is the Congress Party and it is the Congress Government that is responsible for this. Of course, we said that there has also been in this period a growth in demand. But there is also another factor and that factor is devaluation of the rupee. We have in effect had two devaluations between 1991 and 1996 and I shall explain very briefly, how they are responsible for bringing about this situation. I do not wish to take time explaining as to what the Oil Pool Reserve account is essentially meant for. I assume that hon. Members already know that it is a pool.

AN HON. MEMBER: Hon. Minister knows that it is a fact.

SHRI JASWANT SINGH: The hon. Minister knows it very well. It comes into existence from surcharges on petroleum products. It is theoretically supposed to be self-corrective and its outflow are utilised for meeting variations in standard cost. If we find ourselves in the situation that we do not, it is a grave and most telling example of mismanagemnt of this situation. This particular account was surplus up to 1988-89. Thereafter one major step was taken. That was increase in cess on crude from Rs.600 per metric tonne to Rs.900 per metric tonne. By a very rough calculation, I am sure the hon. Minister can correct me about the figures. I believe this increase in cess has contributed something like Rs.20,000 crore for the oil industry's development. These Rs. 20,000 crore have been most profligately misemployed and wasted. This Rs.20,000 crore and other factors have created this situation for which the alligator's tears that are now being shed by the Congress, the supporters of this Government, are really not worthy of the drama that they are engaged in. They are responsible and they are now holding this Government responsible for their ill-deeds. It is really the most amazing situation!

SOME HON. MEMBERS: We are supporting that.

SHRI JASWANT SINGH: I do not know on what question and on what matters they support them and on what matters they oppose them. *(Interruptions)* In March, 1991 because of all this the claims of oil companies on the Oil Pool Account were roughly Rs.3,000 crore. In July, 1991 we had a new Government. That Goverment raised the prices of petroleum products. This was the first step that it took. Then if they wanted to defeat the very rise that they had effected, almost immediately and simultaneously, they devalued the Indian rupee. This was again one of the first steps which that Goverment had taken. Because they devalued the

Indian rupee, the Oil Pool Account again ended with a huge deficit. The outstandings payable to the oil compaines at the end of just one more year, from March 1991 to march 1992, increased by Rs. 2100 crore roughly and the deficit became about Rs.5100 crore. The Congress Government thereafter raised the prices again in September 1992 I do not know who was coordinating with the Government; how it was being coordinated. Soon after raising the prices in Septamber 1992, that Government took a decision about convertibility of rupee on trade account and That again caused a deficit, and by March 1994 the payables to oil companies had gone up again to Rs 5000 crore.

In January-February 1994, the Congress Government raised the prices again to clear the outstandings of oil companies Yest, despite doing this for a third time, they simultaneously increased, as if to defeat the raise itself again they simultaneously increased the customs duty on crude and petroleum products plus altering the excise duty structure When you examine the historicity of how this entire quetion of petroleum prices has been mismanaged over the past years, of which the latest is just on more continuing and bigger example, it is incredible. Because of these simultaneous steps, there was no further accretion of the oil pool account in the last quarter of 1995 - we are coming nearer to our immediate worries now - the rupee declined against the US dollar Because of this decline the estimates of the cumulative claims of the oil companies, in March 1996, went up to around Rs 5700 crore. They could have gone up to about Rs 6000 crores and, that the cumulative claims of the oil companies could double by the end of the year is therefore, the most telling and most significant aspect of the mismanagement of this entire situation by this Government

Sir, I will prove why it was not necessary to raise the oil prices by just citing to you the alternative approaches that the Government could have taken. But before coming to that let me refer for a moment, to the mindlessness of this Government's raising the desel prices and then cutting them by half If bears to be appreciated that an important factor for the excessive growth in POL imports is diesel, the imports of which have gone up by almost 70 per cent in the last two years In value terms - the international prices are easier - the increase was roughly the same - from $ 1 31 billion to about 2.26 billion But the point is that the diesel imports are growing at well over double the overall rate of increase in POL oil imports and the other imports, lastly, there is the downward revision of diesel prices You raised it to 30 per cent You lowered it to 15 per cent. Why did you raise it to 30 per cent in the first instance? Why did you lower it to 15 per cent again? Why do you not make it 20 per cent or 15 per cent or five per cent? it shows the total arbitrariness of raising it to a certain level and as a negotiating tactic, therefore, reducing it to 15 per cent. The conclusion is obvious. Either you did not think the whole thing through, or you raised it as a negotiating tactic. Or, you raised it without actually knowing what was needed and then reduced it to 15 per cent. Whatever be the reasons, the conclusion that you arrive at is not very flattering. The conclusion is not very flattering for this Government because the conclusion is not very flattering for the total management of the oil pool account. Now, there is this last week's downward revision of diesel prices so that the domestic prices remain slightly below the import parity level. This could really neither encourage moderation nor savings. As I started by saying that if this price rise had been accompanied by efficiency, by savings, you only have to witness the ministerial *Kafilas* that move about. Every ministerial *Kafila* is accompanied by ten, fifteen cars What kind of culture of saving on valuable petroleum products are we demonstrating? I have had occasion in this very House to say that Ministers in the previous Government were certainly in the habit of utilising aeroplane as if they were their personal cars I have known examples of Ministers going to a State capital like Bhopal And because there were three or four Ministers, they could have travelled by one areoplane or travelled by a commercial aeroplane But each of them took a separate aeroplane and each one went in a separate aeroplane to the same function. How can any Government, therefore, simply raise the oil prices or ask the citizen to continue to bear the burden and in its own turn do nothing about this kind of profligacy This kind of whole approach to savings, this kind of culture of over-consumption, this vulgar ostentatious culture of over using scare commodities like petroleum products on which country is dependent?

I also wish to point out that I am not convinced by the figures that have been given offically that as a consequences of price rise, inflation is going to be about 1 2 per cent. That might be the direct consequence. And the very eminent and otherwise very agressive statistician like my good friend Nirmaljai would certainly question this figure of 1 2 per cent But even - I am not literate in statistical matters - I am inclined to the view that minimum direct contribution to inflation by this recent price hike is going to be at the level of three per cent plus And this three per cent plus will have a cascading effect, as I started by pointing out, on all

kinds of items of daily domestic consumption of the common Indian citizen. This aspect of inflation must be combined with a consideration of permitting a slide in the value of the rupee. If we have been cautioning the Government against a slide in the rupee value, it has not been there because rupee value has some kind of national symbolism It is simply good economics and good fiscal management that advises us to persuade this Government to reflect very deeply on permitting the rupee to have come down to the level to which it has come down currently and the rupee has slided again after this price rise It has slided marginally We object to this because this inflationary aspect in the transport sector, all the transport related fuels will add to the inflation in the industrial sector and the industrial fuel and the hike will add to that inflation For the citizens, conveyance cost will add to inflation and for the housewives, doemstic cost of items like cooking gas will add to cost the inflation The cascading influence of consequence of this inflationary sprial will not be limited to the official 1 2 per cent And if I emphasise that alternatives were not examined, it is not simply a debating point that I wish to make These are the alternatives that I wish to make These are the alternatives that I wish the Government to answer Is it not correct that the Finance Ministry had borrowed from and, therefore, owed to the Oil Pool Account something like Rs 4,400 and odd crore? Therefore, instead of putting this burden on the citizens why did the able Finance Minister - where is he? - he argued his case to your great delight, Somnathji? He is absent now This 4 400 crore is owed by the Ministry of Finance to the Oil Pool Account If the total impost on the citizen is Rs 9,700 crore, a simple repayment of Rs 4400 crore, even a simple school boy arithmetic can tell, would have reduced the load by half

I will come to the other point as to why I believe that this oil price rise hike was not necessary Secondly, I belive, and that is the entire rationale behind the Oil Pool Account - exchange rate variations which are the consequence of the Government's managemnet or mismanagement of economy ought not to have been passed on to the citizens If the Government fails in the overall management of the Macro-economic situation of the country, with adverse consequences on the exchange rate variation, there is no reason why the Government's failures are to be paid for by the citizens As I have pointed out, one of the reasons why we are facing the position as that we are facing, is precisely this mismanagement

Thirdly, Sir, currently the customs duty on imported crude oil is 35 per cent *ad valorem* Combined with what the Finance Ministry owes to the Oil Pool Account, or even if you do not take into account the Amangement of exchange rate fluctuation, a better and a more rational utilization of the customs duty on imported crude from 35 per cent to even 25 per cent would have lessened the burden on the citizens and if Rs.4,500 core comes from the Ministry of Finance, which in any case it owes to the Oil Pool Account and if the customs duty is reduced from current 35 per cent to even 25 per cent i.e., by ten per cent, I believe that at least, an additional Rs two to three thousand crore would certainly have come Why does the Government not say that they are going to demonstrate austarity and the Minister shall travel only in one car? Why does the Government not demonstrate this. I am not going into the details of other autsterity measures that could have been taken by the Government If the Government had come forward with a more reasoned document, then certainly we would have found it easier to accept what they are saying.

I know that the Leader of the Opposition had addressed himself to this problem and we would have come out with a more comprehensive document on it Instead of episodic and highly disturbing price hikes of this variety 30 per cent, 25 per cent etc . - there has to be, firstly, an examination of enhanced efficiency in our oil exploration, much greater efficiency in our refinery, therefore, a much more efficiency in the functioning of the Oil Pool Account and thereafter, some kind of linkage with the price index, whether it is Wholesale Price Index or the price index with which you are dealing by way of giving enhanced D A to the Government employees If that kind of a thought-out policy had been worked out we would not have had the situation like today where suddenly that in one go you have Rs 9,700 crore or Rs 13,000 crore being placed on the citizens heads

I will conclude now, it will take me only a minute to finish saying what I have to

There is an aspect that worries me very greatly and it is the absence of transparency in the management of such a vital sector of national economy this absence of transparency is accentuated because of the virtual monopoly position that the Government has in this sector This monopoly is now selectively diluted It is selectively diluted to those that have otherwise specialized in consumer industry, suddenly being given the most lucrative and the best of the oil-fields today that the country has - 'Mukta and other oil fields I do not wish to name all of them This absence of transparency combined with an overabundance of corruption in the Ministry of Petroleum is really at the roots of what we are facing

I am not persuaded that this Government had acted wisely. This hike, which I treat as insulting to Parliament, is ill thought out, it is ill-timed. It is iniquitous to the citizens; it is inflationary. It certainly offers no lasting solution to this entire question of the management of petroleum prices and the Oil Pool Account. Therefore there is only one thing that is there for this Government to do, which is to withdraw this entire hike come back to Parliament, discuss this matter afresh with us, discuss it in detail and break new ground of openness and transparency, so that the difficulties that you have imposed on the citizens of this country are mitigated.

Either withdraw this entire rise that you have so unjustly imposed on the citizens of this country or withdraw from governance

DR DEBI PROSAD PAL (Calcutta North-West) . Mr Speaker Sir, although my party certainly has to support this Government so that it may not fall, yet at the same time it has been the policy of my party also to criticise and also comment if there are lapses on certain basic and fundamental issue which are prejudicial to the interest of the common people of this country

I participate in this discussion with a deep concern when I find that Just a few days before this Parliament was to assemble, a decision was taken at the midnight of 2nd July that there is a price hike in the petroleum, diesel, cooking gas and in other petroleum products Undeoubtedly this hike is unprecedented. This ranges from 20 per cent to 30 per cent in petroleum, in cooking gas and in diesel

16.37 hrs.

(Prof Rita Verma in the Chair)

The question that has to be considered is what is its impact upon the economy as a whole of this country Secondly, I wish to ask whether such a drastic increase which was unprecdented was avoidable and what was the propriety of introducing this measure just on the eve when the Parliament is sitting for its regular Budget Session The impact of this hike upon the common people, it goes without saying is much more than it appears on the surface Because if there is an increase of petroleum price from 20 per cent to 30 per cent it will have its chain reaction It will have its impact upon the different sections of the economy directly and also indirectly The petroluem and the diesel are the important materials with which the transport industry has to run and if the transport industry has to incur such huge costs, it is the common experience that the prices increase disproportionately to the increase in the prices of these products If there is an increase of 20 per cent or 30 per cent, I am sure the prices of commodities will increase by more than 30 per cent. It may be 50 per cent or even more. So, when we are told that as a result of this increase the inflationary impact will be from one per cent to 1.2 per cent, it is a very simple way of putting the things. You have to consider this chain reaction and its indirect effect upon the various sectors of the economy. The agricultural sector will be seriously affected because of the increase in the price of fertilizer, because of the increase in the price of naphtha and also the larafine wax. The transport industry will have to increase its prices Even already, by the time the increase in the prices have been announced, there is a sharp increase in the petroleum prices in the leading transport industries like the railways, the buses and other transports. All of them have to increase their fares With the result, the transportation costs will be exorbitantly high and the poorer people will be seriously affected by this increase in the prices its impact upon even the industrial sector is far-reaching The industrial sector uses these petroleum products and gas and the increase in the prices of these products will increase the prices of the industrial products also equally

This is an economy where the petroleum products, diesel and cooking gas are so inextricable connected with our agriculture and industry We are told that inflation will be 1 2 per cent but economists do not share this view The approach of almost all the economists who are having a reasonable view in this matter is that the indirect effect will be that the inflation may rise up to even six to seven per cent . We are facing a situation where the inflation will even be a double digit inflation, as a result of the increase in the prices of these products So, a question does arise Was it necessary? Or, was it avoidable to increase the prices, so that this increase might not be pushed up to such a drastic height?

Mr Jaswant Singh, in his usual manner, as always, has laid the blame upon the previous Congress Government and said that it is a legacy which has fallen upon the present Government Unfortunately, I can tell Mr Jaswant Singh that whatever accusations he might make, the earlier policy of the Congress Government during the last five years regarding this oil industry is not so as he has now alleged Now, what is the position? The Government has increased the prices no doubt, from time to time, but not up to such a drastic height It may be necessary to cope with the situation and for that if you increase, it should not be twenty per cent to thirty per cent And why was this necessary? The transfer has been made from the Oil Pool Account, as alleged by Mr Jaswant Singh I can tell you that

during the regime of the earlier Congress Government from June, 1991 to 1995, there had been no transfer from the Oil Pool Account to the General Budget and whatever has been done earlier, the earlier Congress Government certainly is not liable to be accused, for the present price hike.

Now, another thing I must tell you is that the Price of petroleum products have remained constant during the lat three or four years. The international prices of petroleum have remained more or less steady in the last four years Even the price of petroleum has decreased from $ 16 per barrel to $15 50 per barrel in 1994 So, International price has remained stable and there was no need for the earlier Congress Government to make such a hike in the prices That is why they had not done it And also keeping the interests of the common men in mind, it was not done Total consumption of petroleum in this country is seventy million tonnes Out of seventy million tonnes, thirty million tonnes are produced indigenously by companies such as Oil India and Indian Oil Corporation and forty million tonnes are imported from abroad

Now if the import price has not increased during the earlier regime of the Congress Government from 1991-95 it was due to the fact that international prices of petroleum had remained steady, rather it had gone down slightly The price that the country has to pay for the indigenous products of the oil industry produced by companies like the Oil India or the India Oil Corporation constitutes not more than sixty per cent of the price which we have to pay for importing petroleum products from abroad Therefore, the earlier Congress Government from 1991-95 had done nothing wrong in not increasing the petroleum price in the way in which it has been done by the present Government It could have been avoid because of the reason that the only increase in the price of petroleum has occurred during the last regime was in September, 1995 when there was a depreciation in the value of the rupee in relation to dollars It was not the result of the mismanagement as Mr Jaswant Singh is trying to put It as a result of new economic policy which had been introduced by the earlier Government by the then Prime Minister, Shri Narasimha Rao and the Finance Minister, Dr Manmohan Singh The new economic policy has borne fruits and results in all sections of the economy and when the rupee was made freely convertible the rupee remained stable for almost three years from 1993, 1994 and even after September 1995 That shows the in-built strength of our economy which has been built up as a result of the new economic policy The rupee has not been devalued during the last three years from 1993-95 until it came to September, 1995 and that too because of certain factors which were both international and also due to certain other extraneous factors such as the increase in the value of dollar not only in relation to the Indian rupee but also in relation to almost all the other major currencies of the world. Therefore, the depreciation in the value of the rupee is not due to the mismanagement of the economy during the earlier Congress regime. It is wholly incorrect to say so The dollar has appreciated in relation other currencies as well. It may be that the Indian rupee has depreciated because of certain other factors also. For example, the speculators The exporters were not bringing foreign exchange to India immediately, as a result of which the dollars were not brought into the country although we are earning it There ae many other factors which the Government had boldly faced. Within two and half months, the situation was brought under control Therefore I do not agree with the accusation of Mr Jaswant Singh that due to the mismanagement of the earlier Congress Government, there was a depreciation in the value of the rupee But the maximum increase due to the depreciation in the value of rupee from September, 1995 could have been not more than Rs 5,000 crore If there was a depreciation in the value of the rupee as a result of which the petroleum price has been increased that is only up to 10 to 12 per cent and there was no need to increase the price of petroleum products to about 20 to 30 per cent It was an uprecedented one and I do not know whether the authorities in the present Government have decided it without any consultation with the major political parties They have not consulted even the party on whose support they are running the present Government

Therefore, I think the present Governent should have consulted their supporters who are giving them support before taking such a decision because this price rise will ruin our economy in a very dastardly manner Not only that, but also the propriety of the introduction of this measure by the increase in the administered price has been questioned by this House We also share that, and there is an admonition also by the hon Speaker that when the Parliament is going to assemble for the Budget Session on the 10th of July, whether it may not be illegal because the administered price certainly can be decided without having a legislative measure but for which they have to come to the Parliament At the same time when the administered price is raised, it has a highly disastrous effect on the economy as a whole and it needs to be consulted and when the House was to assemble within a week for the Session, there was no need to take such a drastic action towards the midnight

Now I want to put this question to the hon. Minister concerned as to why this was declared at the midnight and what is the position of the dealers of the petroleum products. What is the position of these dealers who are keeping their huge stocks and who are now getting huge profits. The profit is not being earned by the Government, but by these dealers. There is a bumper profit for them. The price of petroleum has been increased from 20 per cent to 30 per cent; and look at the petrol pump stations! There are petrol pump stations and others; and they were having huge stocks on the midnight of 2nd of July There was no need for them to increase the prices of these products on 2nd of July itself when they had huge stocks with them Has the Government taken any measures, any steps to see that at least the old stock is sold at the old price and not at the enhanced price? The Government is now giving an encouragement or almost an open licence to these dealers who are having their huge stocks, to sell the products at such a high price. It is injurious to the interest of the common people as a whole. This is the situation where the Government has to come out with very serious steps so that the dealers who have their own stocks would not be allowed to sell these products at the increased prices ..*(Interruptions)* Yes, they have almost sold out That is why I am saying this The Government is completely silent; I do not know whether they have encouraged these people to have this bumper profit as a result of these increased prices The position is like this. I do not say that there is no need to increase the prices at all Undoubtedly there may be But the question is that you have to look at the interest of the country as a whole Could it not be phased out, so that the impact of this increased prices might be felt in a little more responsive way, if I may say so? If you increase the price from 20 per cent to 30 per cent, there is no assurance by the Government that it will not be done again in the near future also

It has been said that there is a deficit in the Oil Pool Account In the Oil Pool Account the deficit is from Rs 5000 crore to Rs 7000 crore I wonder how it could be calculated that it would increase to Rs. 11 700 crore by the end of 1996-97 And for that, was it necessary to increase the price of petroleum products to such a drastic height? It appears that they have taken the decision without any thinking

The Finance Minister Mr Chidambaram, -I have great repect for his ability and also for his eloquence - announced that he will introduce certain guidelines about the expenditure of the Government so that an order can be brought in the expenditure of the Government The moment he had announced these guidelines or was going to make an announcement, this announcement about the price hike had come. As a result, it was almost ironical for him to announce that he will bring order in the Government expenditure in the Ministries.

The argument that is made is that if we increase the price of the petroleum products, it will give a damper. That will decrease the demand for the petroleum at least for common consumption. This argument is as delusory as possible. The demand for petroleum consumption for cars will not at all decrease. We have got enough black money in this country due to which even if the prices are increased, the expenditure will not be curbed or curtailed

As Mr. Jaswant Singh has pointed out - at least on this point, I share with him my views - the increased expenditure in the Ministries on consumption of petrol for cars and other modes of conveyance has not been decreased. It has not been regulated. It is yet to be seen how economy is to be brought about in this field Certainly, the demand of passenger trains or passenger buses cannot be decreased The demand of the transport industry also, which has to serve the common people, cannot be decreased as a result of this price hike The result will be that this increased price is to be shared more by the common people who have already been suffering from the inflation If it is continuing, we are facing very nearly a situation where the inflation will reach the two-digit. so, the common man will be the most affected person.

I would again request the present Government to have their decision modified and think over it because you have come into power not on your own You have come into power with the support of the parties who certainly will not support a change in your attitude on the basic issues which affect the common people of this country

Mr Jaswant Singh said that it was corruption of the earlier Congress Government for which the oil price had been increased. This, I should say, is a serious type of allegation It is always common for the BJP They forgot the norms or the standards that they had followed during the few days when they were unauthorisedly in power. *(Inrterruptions)* What is the standard that the BJP Government had followed? They approved a project which they should not have done particularly when they were facing the No-Confidence Motion. They came into power by not observing the norms of decency They told the President that they would form the Government knowing full well that they would not have any support.

17.00 hrs.

And therefore, in the few days that they were in power, they tried to approve it. So, it does not lie in the mouth of Shri Jaswant Singh and his political party to speak of corruption...*(Interruptions)*

MR. CHAIRMAN : Mr. Pal, you kindly speak on the topic.

(Interruptions)

DR. DEBI PROSAD PAL : It does not lie in their mouth to speak about corruption The Congress Government, in the earlier days, in the regime of 1991-95 had creditably discharged its obligations and duty to the people We know how the new economic policy has brought various measures for the upliftment of the people in the rural areas and how it has brought painless measures to improve the standard of living of the rural India Therefore, at least, it is a good sign in the mouth of Mr. Jaswant Singh He is a leader also and I know that he knows fully well as to how he is facing the task Therefore, I would suggest and request the present Government to consider and rethink their decision and whether it is possible to revise this decision If there was a need for an increase in petroleum prices, it could have been done by a phased policy so that the impact of it might not have been so seriously and immediately felt. I would therefore, request Mr Prime Minister and also his colleague, the Minister in charge of petroleum to rethink about the matter and at least take the honest criticism that his supporters are giving, look to the interest of the common people in this country and how inflationary spiral will affect the common people. Keeping them in mind, I would request them to revise their decision and at least bring down the price hike to its normal limit so that the common people might not be affect by such an increase If it is not possible to completely withdraw this decision, come to the Parliament, come to the House and after deliberations of the House and taking the House into confidence, you can then take a decision

With these words, I again make an appeal and request the Prime Minister and the Minister in charge of petroleum to revise the decision.

SHRI BASU DEB ACHARIA (Bankura) : Madam Chairperson, we are very much consistent in our opposition to the increase in administered prices just before the Budget Session In the past also, when Congress (I) Government was in power, they also resorted to such a measure just before the Budget Session a number of times and we opposed to it tooth and nail And when we are supporting this Government and when they also have resorted to these measures, our party opposed to that hike. Indeed, this hike is unprecedented because the hike to the extent of 25-30 per cent really unprecedented Over the years, Madam, when Congress (I) was in power, they reduced the Budget to statistical exercise Just before the Budget Session, they used to increase the prices of not only petroleum products but also essential commodities.

It is a fact that this year it might be by increasing the prices of petroleum products. The burden is to the extent of Rs 8,000 crore. But in 1986 it was Rs 8,700 crores. There was a reduction by 15 per cent and it came down to around Rs 8,000 crore What was the amount that was increased? During late Rajiv Gandhi's regime the Left and other opposition Parties boycotted the President's Address. Of course, at that time, the strength of the BJP was only two .(Interruptions) They did not boycott the President's Address at that time. Our Adjournment Motion on this issue was also admitted.

Madam, it is indeed a fact that there has been a deficit in the Oil Pool Account and the deficit is to the extent of Rs 8,000 crore Why was there any deficit? Why was that gap not bridged during this two-and-a-half years time? Why did the Congress Government, during these 30 months, allow this deficit to pile up? Was it because of some populist and opportunistic policies that they did not want to increase the prices of the petroleum products then in order to bridge the deficit in the Oil Pool Account? The United Front Govenment also, Just before the Budget Session, should not have resorted to such a measure Heavens would not have fallen if this Government would have waited for a few days and then would have to the Parliament and placed before it the crisis that this Government is facing on the Oil Pool Account

Madam, A number of times, on the floor of this House, we gave this warning, It is because frequently we used to hear sermons from the former Finance Minister about the new economic policy, liberalisation and about opening up the gates of our country to the NRIs

Madam, you have seen and you would be surprised to see, how the import of petroleum products have increased year after year In 1985-86 it was only 19 million tonnes and in the year 1994-95 it was 48 million tonnes. The increase is more than double.

SHRI MANORANJAN BHAKTA (Andaman and Nicobar Islands) : Please also give the figures of consumption

SHRI BASUDEB ACHARIA : Yes, I would come to that aspect also What is the pattern of consumption? The pattern of consumption is, naptha-only 5 per cent, LPG- only 5 per cent, petrol-5 percent, kerosene-14 per cent, diesel-48 per cent, other fuels-15 per cent and others-8 percent.

The increase in consumption is 10 per cent per year. Why there is such an increase in consumption? Is it not because of the liberalisation policy being adopted by the then Government? The present Government has also visualised that the import of petroleum product should be increased by not less than 10 per cent, may be it should be increased by 12 per cent What steps did the previous Government take to reduce the consumption of petroleum products? No step was taken in this ragard. Certain austerity measures were taken for the Government employees Shri Biju Patnaik is here. In a Committee he made certain recommendations in regard to the austerity measures in the form of reducing the number of Government employees, not increasing the pay package of the Central Government and other Public Sector Undertakings employees. The Government knew that there had been deficit in the oil pool account. It is always cross-subsidised and this deficit has to be bridged What step was taken to reduce the consumption of petroleum products? No Step was taken in this regard.

SHRI BIJU PATANAIK (Aska) They adopted the policy of borrowing dollars from others

SHRI BASUDEB ACHARIA Yes, I have very little time at my disposal. Two more Members from my Party have to speak I have to allow Mr Nirmal Kanti Chatterjee to speak

Because of the utter mis-management of the previous Government we are placed in this position today They have allowed the deficit to increase We used to hear sermons of the former Finance Minister All this is the result of the new economic policy

In the past also, while participating in the Railway Budget discussion, I made certain suggestions as to how we can reduce the consumption of petroleum products Our import is to the extent of 45 per cent and our indigenous production is only 55 per cent No step has been taken to make the country self-sufficient We have enough reserves of natural wealth Tripura has huge reserves of natural gas but it is not being expolited You will be surprised to know that Bangladesh is expleting the natural reserves available in Tripura The Ganga basin in the West Bengal is full of natural wealth but it is neither properly explored nor properly exploited No step has been taken to make the country self-sufficient

We have a number of oil companies. Is there any scope to reduce the cost of production? There is a scope to reduce the cost of production, You will be surprised to know that the Chairman of a company, I will not mention his name, stayed in a five star hotel although he had a residential accommodation. You will be surprised to know the rent that he paid for staying in that hotel.

The rent bill for one year went to the extent of Rs. 30 lakh for accommodation only. I am referring to the Chairman of not an oil company but a public sector company. You will be surprised to know .*(Interruptions)*

KUMARI MAMATA BANERJEE (Calcutta South) What is the name of the company?

SHRI BASUDEB ACHARIA I do not want to mention any names here

KUMARI MAMATA BANERJEE Madam, we have a right to know the name

SHRI BASUDEB ACHARIA : There are a number of examples What I want to say is that there is scope to reduce the production costs I made certain suggestions

Madam, the Secretary in the Ministry of Petroleum stated just after the hike in the prices of petroleum products that direct increase in the inflation will be to the extent of only 1 2 per cent but he refused to speak about the indirect increase in the inflation following the price hike There has already been a cascading effect Whenever the prices of petroleum products are increased, they affect all aspects of life like agriculture, industry, domestic sector, transport etc

Railways used to haul 70 per cent of the goods as well as the passenger traffic in 1951-52 Now the situation is just the reverse Road transport is now carring 70 per cent of the traffic and Railways are carrying only 30 per cent While rail transport is cheaper than the road transport the later is carrying 70 per cent of the traffic If Railways can share the bulk of the traffic, the consumption of petroleum products could be reduced because rail transport is much cheaper than the road transport We have to ponder over these questions How to reduce the consumption? How to make the country self sufficient? How to increase the indigenous production? How can our oil companies be run more efficiently and how can their production costs be reduced? This is the subject (Interruptions)

SHRI MADHUKAR SARPOTDAR (Mumbai North-West) : What is the remedy? How to reduce the prices?

SHRI BASUDEB ACHARIA : The remedy is to manage them efficiently. Managing the economy efficiently is the remedy. In our country there are 20 corporate houses which are not paying a single paisa as tax. There are a number of corporate houses which are evading thousands of crores of rupees of tax by exploiting the provisions of the law.

[Translation]

AN HON'BLE MEMBER : Who is shielding them?

SHRI BASUDEB ACHARIA You are shielding them

[English]

There are alternative ways We have suggested that alternative ways should be found out without shifting the burden on to the common man For whose benefit is it? Today the common man has to bear the burden of this price hike for the benefit of mare 10 or 15 per cent of the population Why should the common man, the poor man, the worker, the middle class employee, bear this burden for the benefit of 10 or 15 per cent of people?

We will have to realise that *(Interruptions)* We not support you but we will support *(Interruptions)*

When our Chief Minister took up this matter forcefully in the Steering Committee, the hike in the price of diesel was reduced by 15 per cent.

The Secretary in the Ministry of Petroleum has stated that LPG is being used by the better off persons That is not the fact Now the lower Middle Class people are also using LPG because of the price of coal and because Congress Government had deregulated the price of coal Madam Chairperson, you might be knowing how, in the last year the price of coal was increased in your area, in your constituency *(Interruptions)*

KUMARI MAMATA BANERJEE In your constituency also *(Interruptions)*

SHRI BASUDEB ACHARIA In my constituency, there are only four or five collieries

The lower middle income people are also using LPG By this 30 per cent increase, all the poor people are affected I request the hon Prime Minister to definitely consider and take steps to reduce the prices of LPG, petrol and also diesel I would also request the hon Prime Minister to try to find out alternative ways and means and not to pursue the path, the principle, which was pursued by the previous Government because this United Front Government is for alternative governance, transparency, accountability to the people and accountability to Parliament. So, I request the hon Prime Minister to definitely consider our request in this regard The United Front Government will realise the sufferings of the common people, middle class people, farmers and the industrial workers. It will try to reduce the hike in the price of petroleum products and try to find out alternative ways and means to bridge the gap, to bridge the deficit it will try to make the oil companies more efficient and also try to reduce the consumption of petroleum products by adopting austerity measures and also by making the country self-sufficient towards the production of petroleum products

SHRI C NARAYANA SWAMY (Bangalore North) Madam Chairperson, the rise in the admistered prices of petroleum products in the country has given rise to a lot of discussion both inside and outside Parliament The people are really unhappy that cartain commodities which were available at a price fixed by the Government earlier have to face the increase in the prices of administered prices In fact this question is being raised for the past two days in the House but the matter of increase in the administered prices in petroleum products, especially the prices of LPG diesel and petrol are being discussed

The United Front Government which came to power with the support of friendly parties, supporting the Government from inside and outside, when it assumed office, had to face the unenviable position of the deficit in the Oil Pool Account, imbalance in the Oil Pool Account This deficit in the Oil Pool Account had been raising for the past four years for various reasons, the main reason being as several of our colleague have already mentioned, devaluation of the rupee, appreciation of the value of the dollar vis-a-vis the rupee and above all increased consumption of petroleum products within the country The total import bill of crude and petroleum, both imported into the country, has been about 20 per cent of the export earnings of the country which is of a great concern for the country itself.

In fact, at this juncture, I take this opportunity to congratulate and compliment the United Front Government for recently increasing the subsidy on fertilisers and coming to the rescue of the farmers of this country, who were because of the cost increase in the price of fertilisers facing great hardships and as a result of the increased prices earlier the input of fertilisers in agriculture had been gradually going down thus adversely affecting the agricultural production in the country I am a farmer myself and I know because I have personal experience how the rise in prices of fertilisers in the country resulted in

the decreased use of fertilisers. More than that, there was an imbalance in the use of fertilisers like NPK and now the Government has come forward and has already affected increases in subsidies as a result of which the prices of fertilizers have fallen by about four to one hundred per cent per bag of 50 Kg of fertiliser

Now, why I am linking this to this is, in the crude and petroleum products we use in the country there is a component of naphtha which goes into the production of fertilisers. Naphtha is also being subsidised now.

Now, what we are speaking in terms of subsidy as a result of rise in the administered prices is that the subsidy on naphtha that goes into the production of fertilisers is also a point to be considered. I am happy that in spite of adverse oil pool balance and increasing deficit, the United Front Government has not touched the price of domestic kerosene which is being used by the masses all over the country and the distribution of which, I feel, has to be streamlined further. That is a different question altogether We learn from the records of the Government that even earlier to the hike the Government have been subsidising LPG users to the extent of nearly Rs.69 to Rs 70 a cylinder I am not saying that the Government should have increased the price of LPG As our friend also mentioned, LPG is now being used not only by the upper class people but also by the middle class people. We also know that there have been registration for supply of LPG pending for four to five years and even six years and there has not been an uniform effort to cater to the demand of LPG users in the country

Now, about this increase in the petroleum especially diesel, I want to say that it was originally 30 per cent when it was announced on the night of 2nd July It would definitely have affected various sections directly or indirectly It would have directly affected the cost of transportation—be it surface transport or otherwise Even agriculturists who use diesel for various purposes like tractors or for the generator sets-which are used now in view of power shortage in the country—are also affected But, now, the Government have been considering this aspect at the instance of the supporting Parties in the United Front and they have reduced the increase in price by 50 per cent and brought down the hike from 30 per cent to 15 per cent The hike is limited to about one rupee a liter on diesel

Now hon Members who are more experienced in administration and Parliamentary democracy, have suggested various means of bringing in austerity measures and also reducing the deficit. Even after the revision of prices to bring about a balance in the Oil Pool Account, the subsidy that the Government is giving to benefit certain sections of the people is being subsidised not by the budgetary allocation but by the readjustment within the Oil Pool Account. So,, in that event, I see that even after the revision or the hike in administered prices of these commodities there is still a deficit left in the Oil Pool Account. Now, it is for the Government to devise various means through administrative and financial measures to see that there is no further deficit and no further imbalance.

It has been our experience during the past years that there has been considerable inflation in the country. Maybe that about the all-round inflation I do not go into the reason for the situation in the country Maybe, it is salutory because of the economic liberalisation I am not in a position to say the reason for that. But the prices of commodities both agricultural and Industrial or domestic, have been on the increase for the past many years Now the percentage of inflation may have stabilised but the projections of the Government are that the re-adjustment of subsidy within the Oil Pool Account and also increase in the price of petroleum products will necessarily result in further increase in the price of commodities and services. But on the extent of increase there is a dispute as to which is the percentage that is going to be affected. On the whole it is also a fact that when there is an increase in the price of commodities or the petroleum products, it affects the Industrial sector and the agricultural sector also. Unfortunately, in this country, pricing of agricultural commodities has not been scientific It is not based on the inputs in agriculture . Industrialists can fix the price of his product depending on the inputs or the cost of production and keeping his own margin of profit but not an agricultural producer who is helpless, who has to depend on the market conditions, irrespective of his inputs, of the cost of producing his agricultural product

The constituents of the U F Government and also the parties which support from outside have expressed their concern about this decision of the Government and it is up to the Government and also the supporting constitutent parties and the parties supporting from outside, to thrash this out, and at this juncture I can only say that the Government has not touched the price of kerosene and has reduced, the increase in the price of diesel and has recently increased the fertiliser subsidy so as to enable the farmers to purchase fertilisers at reduced prices

Complimenting the Government for this, I thank you Madam for giving me this opportunity.

[Translation]

SHRI GEORGE FERNANDES (Nalanda) : Madam Chairperson, the increase in the prices of petroleum products was not unexpected. There might have been some difference of opinion as to how much increase should be there but I had heard about this increase in prices in June 1994 itself when the Secretary to the Petroleum Ministry gave his statement before the standing committee on petroleum I would like to read out some lines from that official statement given by the Secretary as evidence.

[English]

> Oil prices are rising and are likely to go upto no less than 20 per cent per barral. If it continues to be so till Decemeber, we will be forced to increase the price There is no doubt about it It is not a secret"

[Translation]

Therefore, first of all, I am raising this issue here because Dr Pal has just now delivered a long speech and said that how it happened so suddenly, he was not able to understand that It is an unfortunate step In June 1994, Shri Narasimha Rao was leading the Cabinet He knew that his Government had to increase prices by December at any cost. But the prices were not increased because elections were to be held in near future His Government thought that if prices were increased, there would have been uproar inside and outside the House and their votes would also decrease. That is why, they have increased the prices by 30 per cent now I would not like to go into the details of this issue as these were discussed yesterday also as to how and when the prices should have been increased I would not speak on all those points but I would like to know the views of the Government and its allies about the yearly increase in consumption of petrol, diesel and other petroleum products This increase was 3 5 per cent in 1991-92, 3 4 per cent in 1992-93, 3 2 per cent in 1993-94 and 7 7 per cent in 1994-95 For 1995-96 though figures are not available for the whole year, but as per trend available it is 9 5 per cent All the newspapers in the country have published this announcement made by you but it is not known as to how much amount you are spending from public money You have said-

[English]

> "The demand increased by 11 per cent in 1995-96 and diesel increase alone was 15 per cent"

[Translation]

Why the prices have been increased? The Government should give reply in this regard as many aspects are associated with it. When I said that this increase was not unexpected then you referred to your economic policy. One Member of the former Government which is now the supporting party to the present Government said that their economic policy had been very progressive. The Prime Minister has made a promise to the former Prime Minister and the leader of the supporting Congress Party that his Government would continue to follow their policies and both the leaders uttered almost same words before the people These new economic policies have led to the lop-sides development in the country

I feel sorry that Dr Pal is not present at the moment He is a very wise and educated person He has special understanding about economic affairs He said that he had brought about a lot of change in the country as a result of which poor people were feeling relief to the great extent I have just now heard these words from him

I have some knowledge and examples of the latest report of the National Council for Applied Economic Research As per the said report the total development made in India is limited to only six lakh families You have made them so rich that they can be placed counted amongst the rich people of the world

Today, the manufacturing of cars which cost 25 lakh to 50 lakh has been started in India These cars consume a lot of diesel and petrol and require several accessories

Now, Telco has started manufacturing Mercedes Benz which is being sold for Rs. 25 lakh and the persons who are interested in the custom made vehicle will purchase it even at the cost of Rs 50 lakh You are importing vehicles from abroad You have withdrawn all restrictions and have allowed import of cars giving six Kilometre per litre milage You are giving a speech here You are delivering a speech here as a very humble farmer but you are allowing those policies to continue which were initiated five year ago As a result of these policies the consumption of petrol, diesel and other petroleum products has increased from 3 2% to 11% this year How poor people have benefited by it I would like to ask If you say that they benefited by these policies than I would like to read out some lines of the report of National Council for Applied Economic Research It has conducted a survey of the consumers in India

[English]

> "Out of the total number of households of 157 million 320 thousand, those in the

income category up to Rs. 20,000 per annum is 90 million 540 thousand. That works to 56 per cent."

[Translation]

If the income of a family is upto Rs. 20,000 it means that it also includes the persons having income of Rs. 10,000, 5000 and even Rs. 1000. But Madam, if the income is Rs. 20000 it means that it amounts to Rs. 10 per person per day...*(Interruptions)* Do not say anything about the MP's income of Rs. 1500. Let us not talk about MP. We all are well aware about the condition of an M.P.. *(Interruptions)*

KUMARI MAMATA BANERJEE : Please tell about their condition.

SHRI GEORGE FERNANDES : MP is not facing that problem. We should not make mockery of the poor people by placing MPs in their class.

DR. ASIM BALA (Navadwip) : You are making mockery of them

SHRI GEORGE FERNANDES : No, we are not making fun of them, rather you are doing so. The problem is that we continue to take some problems very lightly. India's poor, his problems, helplessness and his neglect will be a matter of discussion only. Leaders belonging to the humble farmer's families will make tall claims in their speeches that they are for the poor people but they will work for the affluents. Today, whatever you are doing is only for the upper class of the country because, the number of persons earning Rs. 10 a day in India *(Interruptions)*

DR. ASIM BALA : How many poor people travel in the car? Do they use petrol? Perhaps you have no idea about their income, you do not know calculation *(Interruptions)*

SHRI GEORGE FERNANDES : Mr. Speaker, Sir, I am feeling uneasy on the price rise resorted to by these people and raising my voice against it. Whatever social structure you are having today is a process of exploiting the poor people to facilitate everything to rich people for their luxury.

In this process the poor is being exploited because you need a large amount of oil for your vehicle. Earlier, a vehicle was giving 14 kilometer per litre milage not it is going to give only Four Kilometers, because for the comfort of rich people you have started manufacturing new vehicles in collaboration with foreign companies. And for that you are exploiting the poor.

It has been claimed by various Governments that they have raised the standard of a large number of people living below the poverty line and now only 20 percent people are living below the poverty line. As per the report of NCAER, 56 percent people of the country are earning Rs. 10 per day or even less then that and are living in a standard of equal to four cups of tea available at Railway Platform. This means 28 percent of the total population of the country are living with a daily earning of Rs. five or even less then that.

AN HON'BLE MEMBER : Whom are you advocating for?

SHRI GEORGE FERNANDES : We are advocating for those whom you cannot and will never take care. Therefore, we would like that what you are speaking of introducing new economic policy by raising the price of oil, you should be ready to withdraw this step. We are not interested in the amount of money in the pool. You set up pool and mislead the people. The amount in pool has to be self balanced which is run by the Government and it is immaterial whether the money is kept in this pool or some other. Whether only the pool will decide the future of the economy of the whole country and give a direction to the economy of the country. Therefore, please do not mention about the Pool you have set up. The first thing is that you must withdraw it. After that if you feel liquidity crunch, if you do not get the funds you need for the developmental programme of the country, if you need Pool balancing, that I can tell you and would like to draw the attention of hon'ble Prime Minister in particular.

17.54 hrs.

(Mr. Speaker in the Chair)

In November, 1994 the Standing Committee relating to the Department of Petroleum, the people running the Petrol Pumps of the country came as witeness has given the yearly figures about the pilferage of Petroleum, diesel and kerosene oil at various Petroleum dumps and depots by different people at various levels from top to bottom. As per my estimates the amount comes to about Rs. 10 thousand crore per year.

For the last five-six months the Government of Maharashtra has been inquiring into the setting up of Machhimar societies which are exempted from excise duty on diesel. In the name of these societies, truck loads of diesel worth crores of rupees is proceeded for Ratnagiri and some other destinations near Goa border. In this deal, the truck owners also get commission and then that diesel is unloaded at the Petrol Pumps of Mumbai. Don't you know this? Where is your former Minister? This evidence was given before your own committee. I, therefore, urge hon'ble Prime Minister that he should ask for the

November, 1994 proceedings of the Standing Committee of the Department of Petroleum and go through the statements made by the witnesses in that Committee.

Please go through those proceedings and if you want to do something then visit from Mumbai to Gujarat. Criminals in Gujarat have threatened to kill a minister. And a minister, of the former Government in Delhi had given orders on telephone for release of such persons who were arrested in this connection We had raised this matter last time in the House This is not the first time that we have raised this issue. But this is a matter in which Rs. two crore contract was made to eliminate a Minister. In Gujarat a sabotage was made in the pipelines which carries crude oil upto refinery A few small calendastine refineries have been set up in Gujarat where there are arrangements for refining crude oil According to my estimate Rs 500 crores to Rs 1000 crores in Gujarat is being looted in such a way and no one will inquire about it Today Dr Debi Prosad Pal has spoken extensively Since you have to implement their policies, he has stated that they are supporting you because they want you to shield their misdeeds and likewise they will help you in doing so At the same time they also say that they are supporting you will continue doing so until they themselves are not prepared to contest the election The day they are ready for elections, they will dethrone you But, that is your concern But their style of functioning due to which you have to follow there methods and if you have courage to forgive their misdeeds in the State of Gujarat, Maharashtra and other states where there are refineries and pipe lines have been laid and where there are also arrangements for storage of petrol and from where the pilferage of petrol takes place in which offers from top to bottom are involved We also know and I would like to tell you that the people who came as a witness have to leave their homes altogether for six months Not a single word has been mentioned in the report but information about the persons who have given of their witness, was supplied to these hoodlums and hitmen as such and such person has given his witness at such and such place They were informed on telephone and were made to leave their Homes I am telling all this with my own experience I, therefore, urge the Government to withdraw this increase and made arrangements to stop this loot My friend Mr Jaswant Singh has also spoken on the issue of all to some extent without mentioning anybody's name But I am mentioning the name of Panna-Mukta and also the people related to Panna-Mukta I do not know who is the Petroleum Minister at present perhaps, the Prime Minister himself is holding this portfolio. If Mr. Baalu is the Minister then I must say that regarding this issue of Mukta-Panna the Ministry of Petroleum and officers are also expressing their views. You have just now assumed the charge but this issue is not very old It is a recent matter only and you can talk to the type of Government that is there, and with the support and blessings of these people the officers are having a gala time. They say that they do not have funds Where almost entire work in regard to exploration with heavy investments has been completed and only oil is to be extracted. Now this work is being entrusted to Mukta-Panna But we do not have funds for this So a foreign company videcon it can be Indian for a foreign company The other one is the Reliance.

18.00 hrs.

Mr Speaker, Sir, you may not be aware that this is a very famous company Sir, one thousand and twenty eight crores of rupees have been spent on Mukta-Panna and Rs One thousand and twenty eight crores have been written off

[English]

MR SPEAKER I will take just one second It is now six of the Clock Can we extend the time?

SOME HON MEMBERS We can continue it tomorrow. *(Interruptions)*

MR SPEAKER Please listen to me first I will go by the decision of the House. Tomorrow is the Private Members day The Resolution on Jammu and Kashmir has to be passed tomorrow because it has to go the Rajya Sabha on Monday So tomorrow we will not have time for this On Monday the Prime Minister will have to reply to the debate in the Rajya Sabha and here also Further there are a large number of speakers to speak I want to accommodate as many Members as possible If the House agrees perhaps, today we can extend the time of the House by one hour and then on Monday maybe the Government can reply *(Interruptions)*

MR. SPEAKER All right So, the House will sit up to seven of the Clock

(Interruptions)

MR. SPEAKER . Time is very precious

(Interruptions)

[Translation]

SHRI GEORGE FERNANDES Mr Speaker Sir I was telling that on this Mukta Panna scheme Rs one thousand and twenty eight crores have been spent so far. The stand of the Government and the stand of the officers of your Ministry is that this money which has been spent will not be added to their

expenditure. Whatever profit they want to make and the oil they want to extract and the way they want to make, it these companies have been told that if the amount already spent is added to your expenditure then it will be very difficult to do all that. It means your profit will go down. So we will show this amount in the Government account. Now which account in this? This account is of the officials of Ministry of Finance The tax collected from the public goes in Government account. It is a fact that large capitalist companies in India are getting benefits whereas the poor are paying the tax. The poor are cultivating their fields After that you ask them to produce crops. Then you say, become rich and make money. This is the way of these people There is a oil pool Is this meant for this work only? Oil pool is required for increasing income or Videcon

Mr Speaker, Sir, we want to request the Hon'ble Prime Minister again We feel happy that you have changed your role. You had gone to Lucknow on 3rd of July and when compelled by journalists and other people, you spoke very forcefully, as it is often with you that "there is no question of revising the price hike You came back after speaking in Lucknow and people within the party and United Front put pressure on you, then you reduced the price of diesel by 15% but it is not sufficient The increase by 15% on diesel 30% on petrol and 30% on L.P.G.. will not work We are not ready to accept it It is your people only who are raising the voice against this price hike in the country. 'Karnataka a Band' is to be organised on 15th Who is doing this? I do not think BJP given a call on this issue Who has called on this Band' on 15th? Whether it is C.P.I., C.P.I (M), C.I.T.U. *(interruptions)* or A.I.T.U.C You are talking of Karnataka If my memory goes okay, it is the Karnataka Pradesh Congress which is the supporter of the Government The Government supporters are agitating against this in the country They are resorting to strike You should think over the loss occurring due to this There was a talk of launching agitation in Bengal, I do not know how far it has arrived Perhaps marxist party got scared of Mamata Banerjee that if she is included in it then problem will mount up *(Interruptions)*

KUMARI MAMATA BANERJEE A young man of our party has been arrested *(Interruptions)* Give me opportunity to speak why are you speaking? *(Interruptions)*

SHRI GEORGE FERNANDES Your youths are being arrested and yet you are giving support to this Government I could tell you about the tussle between them and the Government It is because they did not want to accept Adjournment Motion, they were not agreed on the Motion under 184. Their problem was that if Marxists and Congress members get united and vote in favour of this Government then they cannot remain without their coalition Government in West Bengal. This was the problem in their mind

[English]

KUMARI MAMATA BANERJEE : I am on a point of order Shri Gorge Fernandes should know that I personally had given a notice for Adjournment under rule 56.

SHRI GEORGE FERNANDES : I am supporting you. I am supporting your position. I am defending your position. All that I am saying is that the real problem was posed by the Congress Party and the Marxist. The only problem that Congress Party felt was that it could be compelled to form a coalition with the Jyoti Basu Government as both of you talk of same position and are supporting parties here on the issue of price rise.

[Translation]

Mr. Speaker, Sir, while concluding my speech, I would like to request to the Government to withdraw it immediately. Steps should be taken right now to investigate the cases of loot and corruption and bribing The senior officials should be posted at various places They will have to take the responsibility to save the life of those people who are giving informations in this regard The system for offering contracts to the domestic and foreign capitalists should be stopped I would like to request for a special demand that the oil exploration work should be carried out at the maximum extent in Bengal Poorvaanchal and the Bay of Bengal I do not know at to why this work is not being carried out, otherwise today's reserve will not be available after 15-20 years When the Government has got opportunity for this, it should be taken up

Mr Speaker, Sir, I strongly oppose this price hike I would also like to say that if this price-hike is not taken back, then this tussle is not going to remain restricted to this House rather it will spill over to the streets and the entire national as well I conclude my speech by giving this warning

[English]

SHRI SURESH PRABHU (Rajapur) Our country got political freedom at midnight We were very happy. We thought, now we have our own Government which is going to look after our own interest but we lost our economic freedom on that fateful night when 30 per cent increase in oil price

has taken away economic freedom of our people. There has been tremendous cut in the family budget of so many common people Unfortunately, some of the hon. Members are not sensitive to these realistic, and that is why, they are saying, how the increase in the kerosene price, how the increase in the petroleum products is going to affect the common man. Now the increase in the vegetable prices alone, as reported in today's newspapers, it is testimony to the fact that persons who are really paying for it are non other than the common people

This increase was very shocking for the simple reason that the farmers, the labourers and the toiling masses were feeling that no such rise could ever take place because the protectors of their interests are now in the Government They always thought that those who have so fare been really taking away their rights are now out of power and now the common men's protectors are governing the country and hence no such price rise could ever take place But I am really surprised that such a price rise has never ever in the history of India really taken place at one stroke

Sir, this sum of Rs 10,000 crore rise is probably Rs 4,000 crore more than the Annual Budget the Annual Plan of the Maharashtra State which is supposed to be one of the most prosperous States in the country Such rise can take place even without the sanction of Parliament is something which is really amazing About this we have already spoken yesterday and I would not repeat that point once more The cascading effect of this is already there not only at the market place everywhere Probably no sector is now away from this cascading effect And I really feel that this rise has to be immediately withdrawn forthwith

One of the hon Members from the Congress Party Dr Pal has said that he is really interested to make sure that this Government does not fall Probably such a burden of protecting the Government does not lie on our shoulders and that is why, I would like to demand that whether the Government falls or not, the prices must really fall with immediate effect

We have been told that the international prices have got some bearing on the domestic prices of petroleum products We have also been told that particularly in the early Nineties the international crude oil prices had been falling if there is a rise in international prices which takes place in domestic price why was it not reduced when the international oil prices were falling? Why the domestic prices were always kept, if not more, at the same price when the international oil prices were falling is something which needs to be explained. This mystery about the Oil Pool Account also needs to be explained to Parliament in full detail.

We have always been told that there are several measures being taken to reduce the deficit in the Oil Pool Account One of the measures is to bring about more efficiency in the oil purchases We have always been saying about this. There have been instances which have been quoted Even in the Consultative Select Committee of the Petroleum Ministry there have been instances where we have purchased petroleum products and crude oil at probably more price than what was prevailing in the market and probably the purchasing policy was not in consonance with what should have been done for the sake of any person who was keeping the national interest at heart

We are also surprised for the simple reason that when the previous Congress Government fall, there was already a deficit close to Rs 6,000 crore in the Oil Pool Account We were told that with no secret understanding between the parties which are supporting the present United Front Government probably we were knowing that they would also make it public the secret as to how to keep the Oil Pool Account in low deficit and at the same time not to increase the prices Probably, this understanding has not reached the present Government, as a result of which they were forced to increase the prices I would request the Congress now to pass on this know-how to the present Government so that probably they can roll back the prices to their old level

We have also been told by the Petroleum Secretary, when he announced this price rise as to what is the aim of raising the prices The so called proclaimed objective of bringing about this rise is to discourage the consumption of these item which is putting severe strain on the nation's precious foreign exchange reserves If this is the proclaimed objective this is not the way in which it should have been done Probably, it should have been done by reducing the use of the petroleum products in the country for which no measure has so far been announced

We would like to know from the Government as to how much bill of the total petroleum products is borne by the Government itself and how many vehicles of the Government really pay for this additional expenditure which the common man has to bear, and what measures the Government is initiating to reduce these prices

Each barrel of oil that we import is not necessarily at international prices The evidence has been given before the Consultative Committee of

the Ministry. We also have the right to know, what is the cost per barrel of crude oil produced in the country through the oil exploration programmes of the Government. We feel that we really have to have a national policy on this because the day is not far off

18.15 hrs.

(Shri Nitish Kumar *in the Chair*)

Today we are paying, as my friend said, almost 20 percent hike. I really feel it is much more than that Of the total foreign exchange earnings out of exports, almost close to 30 percent goes into paying for these products through imports. Unless we really devise a policy, may be the day is not far off when our domestic reserves of oil would be dried away and at the same time we may not have enough money to pay for this There is really a need to bring about some sort of a policy to find out how this consumption can be reduced For that there is no need to burden the common man with this high rise. The people who are really going to pay for it are the farmers, the poor labourers, the toiling masses whose interest is supposed to be protected by this sovereign House. I am sure, the Government will pay heed to this demand and would definitely bring about a reduction in the prices

This Government in its Common Minimum Programme has said that only the interest of the common man will be protected Probably there could not have been a better way of saying that we really do not care for you But there are very illustrious people sitting in the Congress Party as well as in the Left Parties who are supporting the Government from outside They will definitely prevail upon this Government because if there views are not heeded, I am sure they will certainly like to suggest other ways

SHRI BIJU PATNAIK (Cuttack) Mr Chairman Sir, I have been listening very carefully to all kinds of momentous speaches by Shri Jaswant Singh Shri George Fernandes and the rest What I got from them was certain figures regarding various sections of this oil whether it is the oil bill or whether it is something else What I want this House to realise is, how is it that in our times - 20 years back - we were buying the Birla cars only for Rs 15 000 and how now everybody is buying it at Rs 3 lakh Where from do they get that money? The *fifteen-thousand-wallahs* have become *three-lakh-wallahs* The number of cars have been going up by leaps and bounds. Who buys them - poor man

[Translation]

For whom we care we pleading

[English]

The number of cars are going up, the consumption is also gong up. To cap it all, Tatas have now started producing cars which will cost Rs. 20 to Rs. 25 lakh and there is a queue for buying them also. They run only five kilometers a litre. That will also increase the consumption.

Four years back when I was in the NDC a Committee was formed by NDC with me as the Chairman, the present Reserve Bank Governor as the Member-Secretary and some Chief Ministers as members. After a lot of deliberations we decided on how to cut Government expenses. Various proposals were given by us. One of them was, just for a testing, whether the Government servant's dearness allowance can be deferred, only deferred, by one year There were many other proposals - what the Prime Minister's staff contingent should be, what will be that or Ministers, Members of Parliament and so on. This was one. You will be surprised, the day we pronounced this, the next day the than Government gave them the full amount of DA.

Today, the dearness allowance for Government servants is one hundred and twenty-five percent and if you allow here another Pay Commission, it will cost Rs 5,000 crore What is this Rs 15 000 crore they are trying to mop up here? Now if cars are bought by people who can afford them they can surely pay another twenty percent or thirty percent increase in petrol cost Do you realize that the petroleum consumption has gone up after this?

Sir, I am amazed at this talk of poor man The poor man is nowhere in the picture, for two wheelers and three wheelers are used by few people *(Interruptions)*

SHRI KARIA MUNDA (Khunti) What about the buses? The poor people are travelling by the buses *(Interruptions)*

[Translation]

SHRI BIJU PATNAIK We are not talking about them We are talking about the car owner Please doner leave me an this comment

ONE HON MEMBER : You get leaved?

SHRI BIJU PATNAIK : I do not get leaved but the fact in that some talks of poor people and forms and some others talk of things.

[English]

If fifty percent to sixty percent of our people are below the poverty line,

[Translation]

We are talking? Petrol Prices like does not make any differse for them who own a motorcar of Rs. 3 lakh. He will purchase a new car for his use. This not mean anything for him

[English]

In the Austerity Committee, we only wanted to defer the D.A. to the Government officers by one year to see what would be the price index of vegetables, fish and things like that in the market Before we studied that, the Government allowed the D.A to come up Immediately, the prices went up. The D A has got no bearing on the convenience of the officers who get it or whoever gets it The moment you get a D A , that is a surplus in your hands and immediately the prices go up in the country This is the rule This is the rule of business. *(Interruptions)*

[Translation]

I say that the Government has to go for saving Let me know why the Government is spending rupees one thousand crore, through a scheme on us sitting here and the other House, Rajya Sabha? Every member is getting rupees one crore We are taking it for doing this work and that work For whom I want that please abolish the scheme of one thousand crore rupees *(Interruptions)*

SHRI RAJENDRA AGNIHOTRI We are ready for this You please withdraw the domestic tax *(Interruptions)*

SHRI DATTA MEGHE (RAMTEK) Rs One crore is given for doing work This is not given otherwise

SHRI BIJU PATNAIK The work will be done by the Government *(Interruptions)*

MR CHAIRMAN This is his opinion When you get turn to speak, you may express your concern *(Interruptions)*

SHRI BIJU PATNAIK They are supporting my point Please tell me as to why we get 20 free air travel for travelling all over the country We do not feel ashamed? *(Interruptions)*

AN HON MEMBER What is the Parliament for? You may close it down

SHRI BIJU PATNAIK Members of Parliament can travel by train *(Interruptions)*

SHRI RAJENDRA AGNIHOTRI You may go for reduction to any extent, but bring down the prices

[English]

SHRI BIJU PATNAIK I was suggesting that we must practise before we preach. We cannot live like lords.

[Translation]

SHRI RAJENDRA AGNIHOTRI You bring a Motion *(Interruptions)*

SHRI BIJU PATNAIK The position is that Members of Parliament can stay in a five-star hotel until we get accommodations *(Interruptions)*

[English]

You never stay I never stay but other Members of Parliament do stay and thousands of rupees are spent

[Translation]

If any M P Stays in a Five-star hotel, then he spends one thousand rupees during the day and this goes on *(Interruptions)* I do stay in Orissa Bhawan *(Interruptions)* and my bill for the whole day is Rs 35 only *(Interruptions)* Please listen to me. *(Interruptions)* I got amazed when hon'ble Prime Minister reduced the price of diesel by 15%, I thought he did it in desperation *(Interruptions)* Its price should go up and why not its price should go up When a person can purchase a car at the cost of Rs 3 lakh, why can he not pay the price of petrol what is this? Here middle class has been referred to, but big businessmen are purchasing cars *(Interruptions)* If the prices of LPG has been increased then what is the problem *(Interruptions)*

MR CHAIRMAN Biju Babu please speak looking towards me

SHRI BIJU PATNAIK I am coming to this point I am not cutting any joke I talking of the poor Let us ourselves live like the poor for a while

[English]

I have even advised the Prime Minister

[Translation]

Today, when I look towards the Prime Minister's residence, I fine only security cars all around the residence I have seen Paandit Nehru as well He had no peon and no guard at his residence The Home Minister Sardar Patel used to stay in front of his house He too had no car, servant and no guard But today, different sorts of facilities are required for every person and this has become his status symbol

About 50 vehicles are parked in front of the residence of the Prime Minister. Different types of security guards like Black cat, Red cat, white cat and others are seen there on duty

I think that the Prime Minister should also live like Pandit jee.

[English]

It was not so in Lal Bahdur's time It was not so in Mirarji's time. What happened now. Why all those expensis? Now, reduce it If you have the carage, go back to Panditji's status.

[Translation]

You will be surprised to know that one day I came after watching a movie at revoli *(Interruptions)*

[English]

I went to Panditji's house. He having dinner His private secretary Mr Mathai was there

[Translation]

Mathai was his private secretary who was sitting there. He said to me that I should have gone to cinema hall to watch movie as he had already watched that movie

[English]

It is about the story of League of Nations burying an atom bomb 200 miles beneath It is very exciding film I think you will like it He said, yes

[Translation]

He got ready and asked Mathai to send for car Matha went out and told on returning that driver had already been given leave by him Then he asked to send for any other car

[English]

There was only one car *(Interruptions)*

[Translation]

Please listen to me what happened then I said, Sir we could send for a tax and then he asked Matha to send for a 'taxi'

[English]

Mathai myself and Panty went in a taxi to Rivoli and saw the picture

[Translation]

At that time such was the position

[English]

If the greatest Prime Minister that India ever had can do that, why cannot we try tighten of our things? If my Prime Minister goes in an omnibuslong with his guards to his office, will he not cut down the expenses. If the expenses are cut like this, then there is no need to raise the prices.

When you have everything, cut the expenses Therefore, expenses have to be cut down. What is this money for?

[Translation]

Those 5-10 thousand crores are taken

[English]

What are these moneys for? It is to meet certain deficits

[Translation]

If this Government deficit is reduced by all means, but on the other hand Ministers of your Cabinet go to foreign countries with a convoy of 20 persons

[English]

Why? What is this expenses for?

[Translation]

We have our embassy, staff and all the facilities there

[English]

Why can a Minister not go in a mini bus to his office and do his work? What is the problem? It will not work You talk of the poor man and try to be like a poor man I have nothing more to say I am only pointing out own defects Can we the people who rule India, ever think in terms of poor men and deal with them at the same level? That is what I have to say

[Translation]

SARDAR SURJIT SINGH BARNALA (sangrur) Mr Chairman Sir, steep rise in the prices of petroleum products is surprising for all of us No one has thought that the prices would be increased in this manner when budget is likely to be presented just after eight days It was decided at midnight on 2nd of this month Several people could not know about it In the morning when I purchased petrol for my car the petrol pump owner charged me old rates as he was not aware of this fact I, myself could not know about it On the way I met a friend who told me that the prices of petrol have been liked by 30 percent and

by evening everyone came to know about it which created resentment among people.

Punjab is badly affected by it. It is an agricultural state and needs diesel for tractors and tubewells. There are about 9 lakh tubewells. Punjab is a small state which has only 2 percent agriculture area of the country and inspite of it tubewells are extensively used for cultivation. We do not have enough canals for irrigation out of these total 9 lakh tubewells mostly run on diesel and not on electricity People install pumping sets of 10, 7 or 15 horsepower Recently there has been power crisis There is paddy sowing season in the entire country, especially in Punjab Paddy sowing is going on but power is not available. When we inquired to the Chairman of Elecricity Board about it he told that sufficient coal is not supplied to the Board and the coal supply for one day has been left at both Ropar and Bhatinda power plants. We have only two Thermal Power Plants. We, the 11 MPs from Punjab including the Members from BSP who were with us wrote a letter to Shri Vajpayee who was Prime Minister on that day the 26th of May We wrote that there would be no power in punjab from the next day as it had supply of coal for one day only whereas thermal power plants should atleast have coal supply for one month in reserve We asked the reasons for non storage and were told that Government was not releasing funds In such a situation the whole Punjab was depending on diesel as only diesel tubewells were operative There was insufficient power supply just for one or two hours ; was the situation there

Now is this paddy season, the prices of diesel have been hiked which has created great resentment among public The one third tractors of the whole country are in Pujab. Not only the big farmers but small farmers of Punjab who have 5 or 7 acres of land use tractors for farming, which obviously run on diesel I was in the tour of the state at that time and knew how much resentment this price rise has created among people I would like to tell that the whole Punjab is going to protest against this price rise on 15th of this month. Dharnas would be staged in each and every district and district headquarters in various parts of the state

Sir these days people are of the view that this time the Government has increased the prices heavily by 30 percent and reduced them later on by 15 percent Perhaps it might have thought to reduce the prices further by 5 or 10 percent in case of hue and cry by the public. Common man has got this impression about your Government today Although we have protested but no one bothered for us But, later on when the workers of your party, voters as well as supporters raised the matter and blamed the Government, then 15 percent of increase in the prices of diesel was withdras But only reducing the prices of diesel will not work.

Sir, in a developing country which is making progress, there the Government should not ask people to reduce the consumption of petrol and diesel because we are passing through a stage to which these items would be required in much more quantity The use of small vehicle in place of big is not going to make any difference. I feel that it is an absurd thinking.

Sir, the issue regarding deficit in Oil Pool was debated here This deficit to the tune of Rs 6 or 8 thousand crore has not been incurred in one day Everyone was aware of this fact of increasing deficit The previons Govenment ignord it deliberately and tried to impose its liability to someone else It would have been better if the prices of petrol and diesel were raised gradually and with the same pace as the deficit in the oil pool account was increasing You have got a chance and you could have done that But the Government have hiked the prices on the plea that the deficit is on the increas So you decided at midnight and raised the prices of petroleum products suddenly You would have earned Rs 700 crore by it Since you have reduced the prices of diesel by 15 percent this earning would be less No one had expected such a steep hike just before the budget You decided it at midnight and increased the prices Public came to know about it next morning They were amazed and thought that the Government has fooled them Common man does not understand what is oil pool deficit and knew only that all of a sudden prices have been increased heavily

Sir, during the debate it was also mentioned that prices of oil have not been increased in the international market In case the prices are raised when there is price hike in the international market people tolerate it but as has been stated by my Friends there has been recession in the international market and prices have come down from 16 dollars to 15 dollars As far as I knew in the international market the prices have fallen by two dollars recently So, prices should not have increased and remained constant It is correct that we are importing a large quantity of petrol. Even now 40 percent oil is imported It is cheaper Thus this increase in prices cannot be reasonable As Shri George has also mentioned here that this money is spent on some other items like extracting and exploration of oil But later on our public sector asks foreign companies and private dealers to take up this work as they

were unable to do that. Now they are giving contracts to some companies in the private sector and also to some foreign companies to conduct the survey and other works. The same condition prevails in the laying of the pipe lines. There are also charges of corruption. A depot was set up nearby my place and we receive information from there that pilferage is talking place there. Instead of curbing this loot you have increased the prices unreasonably to the extent that people cannot bear it. I am saying this because the public has a feeling in their mind that this Government is doing all this at the instance of others. Public knows that this Government cannot work independently. The alliance parties are compelling them to do so. People are guessing this. The alliance partis have to protest against it. Kumari Mamata Banerjee has to sit in the well of the House just to demonstrate that they protest a lot. She has to work hard for it and show it that the prices should not be increased. The Members from ruling party have said that prices of kerosene oil have not been raised. They have tried to get credit for it. But people are scared of adulteration of kerosene oil in diesel as tha prices of kerosene have not been raised. The whole machinery will be ruined with the use of adulterated oil because dealers will mix kerosene with diesel as kerosene is cheaper.

SHRI RAM KRIPAL YADAV (Patna): Do you want all this?

SARDAR SURJIT SINGH BARNALA: I do not want this. But the prices of diesel have been increase which were not to be raised at all. This 15 percent increase in the prices of diesel should also be withdrawn to benefit the small farmers. It should not be that his precious machinery is ruined with adulterated oil.

SHRI RAM KRIPAL YADAV: Mr. Chairman, Sir, in comparison to the whole world the prices of diesel are lowest in India. *(interruptions)*

SARDAR SURJIT SINGH BARNALA: Increase in the prices of petrol will have cascading effects as the fare of trucks, transportation will also increase. Railway budget is likely to be presented. Railways have told that it will burden them by additional Rs. 300 crores. The fare of trucks, two-three wheelers will also increase. My friend has gone to the market to buy toothpaste, the shopkeeper raised its prices by 5 paise on asking the reasons for it he told that it was due to increase in the prices of petrol as toothpaste is transported by trucks. Thus the whole economy will be affected by this increase. It is not an increase of Rs. 9 or 10 thousand crore but ultimately reach up to Rs. 20-25 thousand crore. It will have wider implications, all the goods used by common consumer will be costlier. It will be a difficult thing.

Sir, through you, I would like to request the Government not to raise the prices of diesel at least. Diesel is used by ordinary farmers. Now mechanised cultivation has started in the country. This intensive cultivation is done through diesel. Diesel cursher is used for separating paddy. At some places people have stopped using these instruments due to erectice power supply which may harm the motor of these appliances. After spending a huge amount on machinery, they have switched over to diesel but now this increase of 15 percent in the prices of diesel have created problems for them and it will also adversely effect the agriculture sector. I feel that it will lead to less production in Punjab. This year also, our foodgrain contribution to the common pool may go down because we will not be able to provide the required quantity of water for irrigation whereas paddy needs more water. I, therefore request the Government to either scrap this entire increase in the prices or atleast decrease the prices of diesel.

[English]

SHRI CHITTA BASU (Barasat): Mr. Chairman, Sir, while participating in the debate today, I am quite conscious of the grave implication of the oil economy over the total national economy of our country. I am equally conscious about the implications of the oil economy in our quest for having a self-reliant national economy. I am also equally conscious about the responsibilities that this Government has to bear in order to serve the people of this country.

Sir, so far as this price hike is concerned, as I mentioned yesterday, with all humility, I must submit that it is ill-advised, it is ill-timed, it is not appropriate and it is not prudent.

Sir, additional resource mobilisation through this method would be Rs. 12,900 crore for the full year. For the remaining nine months it would bring to the coffers a hefty amont of Rs. 9,700 crore. It is quite hefty. It is very steap. This will lead to certain consequences which does not do good to the common man of our country. Sir, production in the oil sector, production in the energy sector is very much important and significant insofar as the self-reliant economy of our country is concerned. If anybody has got certain minimum information about the oil economy of our country he would be convinced that production is not rising as desired. I have got a very small figure. I would not go into the yearly production figure, I would simply quote comparative production figure. In 1994-95, the production was about 34.26 million tonnes against 52.46 in 1993-94. The growth

in production is extremely marginal. One the other hand, you will appreciate that the consumption growth has been steap. The consumption growth is faster than the production growth. The consumption rate in 1994-95 was 7.7 per cent and in 1995-96 it is 9.5 per cent As I have studied in a short time, average growth rate in consumption comes to be about 8 per cent a year

Sir, if the graph of consumption icreases faster than the graph of production, we will naturally have to depend more on import If we are to depend on more and more import, it means more and more foreign exchange expenditure As a matter of fact, in the import of oil we are spending about Rs 22,000 crore out of our very very rare foreign exchange reserves It comes to about eight per cent of our export earning Therefore, the problem will continue and it has to be met squarely by having an alternative oil policy If we have got no alternative oil policy we shall never be able to come out of this crisis

Subsidy part is there Subsidy is more than Rs 9000 crore in the year 1995-96 and I do not exactly know what whould be the quantum of subsidy for the next year Anyway, subsiay will also grow Whatever might be the position, the whole oil policy requires to be recast and the whole economic policy requires to be recast if we are willing to have a self-relent economy for our country which alone can solve the basic economic problem being faced by the people of our country This is not the time when we should discuss about that We hope that the coming Budget would reflect some policy in respect of the economic policy of our country

Mr Prime Minister, this steep rise will certainly have cascading effect The Petroleum Ministry publicly announced that there will be about 1.2 per cent impact on the inflation rate The Railways Ministry has also calculated that the increases in the diesel rates will add to about Rs 300 crore The aviation industry has also hinted that there must be some kind of a cascading effect of this price rise If transport becomes expensive it has got its impact over the entire price spectrum in our country Therefore it will have a very great impact on the people

The only way out is to increase the production in this area I accuse the Congress Government of knowing this entire thing I have got certain facts to quote which Mr Fernandes has also referred to I caption reads 'Lapses unearthed in oil exploration privatisation policy', and it says

> "The Government's policy of privatisation of discovered oil-gas fields has been condemed by the Indian Audit and Accounts Department in a hard hitting report submitted last month It says in the coruse of privatisation of policy undertaken by them a particular private sector or corporate house was give special facilities about Panna, Mukta and Tapti fields"

That was a known reserve for our ONGC It was drilled by the ONGC. All the expertise was available with the ONGC The could have worked on it and there would have been production But it was handed over to the private company, particularly the Reliance of India I want to conclude on time

Sir, oil exploration work started in West Bengal in the early 60s More than 500 crores of rupees have already been spent, but no oil has been produced so far The reason is the Government is not sincere about achieving the goal They have never gone to the required depth while digging wells Recently Dr Kingsten an American Geologist has stated that there as a few areas in West Bengal which are highly promising for hydrocarbons There are other Soviet reports which stated that Calcutta is floating on oil and the entire West Bengal basin is capable of producing enough oil for the country A Geologist of the ONGC once made a public statement that if all these possibilities are worked out, India will be self-sufficient in oil production Whatever might be the basis of it, there are potentials for increasing the production of indigenous oil and crude Sir, there has not been much interest taken by the erstwhile Government in this regard They even took a position that the oil exploration are going to be stopped in West Bengal in certain other promising areas

Sir so far as gas is concerned more than 7000 tonnes of gas is being flared away every day at Bombay High that is true in the case of Assam fields also Tonnes of gas is being flared away there There is no proper step taken by the earlier Government Of course, the present Government had no chance to take appropriate action in this respect But I expect them to initiate new policy thrust in the matter of oil exploration

Sir, before you ring the bell it is my courstesy to conclude and I conclude by saying that having regard to these facts, having regard to the adverse affects having regard to the cascading affect on the people in their daily lives, I request the hon Prime Minister and the Government to review the decision to give more relief to the common man The Government has already reduced the hike in the price of diesel by 15 per cent Price of petrol and petroleum products merits further review in the interest of the common people of the country Pro-people policy is the basic

stance taken by the United Front Government as is evident from their policy statement announced earlier. I hope they will respect the wishes and urges of the people I hope they will do their utmost in their limited capacity to reduce to the price as far as possible. I appeal to the Government to review the decision and reduce the administered prices of oil and petroleum products. Thank you.

(end)

MR CHAIRMAN : One minute is left. Mr. Ahamed, would you like to speak today or on the next day?

SHRI E AHAMED (Manweri) : Sir, I will start today and continue on the next day That is the normal practice. Once I have been called by the Chair, I have to commence As soon as you ring the bell I will sit for the day

MR CHAIRMAN . Now you have started

SHRI S. BANGARAPPA (Shimoga) : Sir, I would like to know where my name stands. I have also given my for Adjournment Motion. I have been waiting since morning to speak.

MR. CHAIRMAN : I do not find your name in today's list.

SHRI E AHADMED : Mr. Chairman, Sir, the hike in the administered prices of petrol, diesel and cooking gas has put the people to a lot of hardships and difficulties.

MR. CHAIRMAN : Shri Ahamed, you can continue your speech tomorrow Now the House stands adjourned till 11. A.M on 12th July, 1996

19.00 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Friday July 12 1996/asadha 21, 1918 (Saka)